Manitoba

# Annual Report 2001 - 2002

# Rapport annuel 2001 - 2002

## Intergovernmental Affairs

## Affaires intergouvernementales

The Manitoba
Water Services Board

La Commission des services
d'approvisionnement en eau du Manitoba

103-00215/

**MINISTER OF**
**INTERGOVERNMENTAL AFFAIRS**

Room 301
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8
General Office: (204) 945-3788
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August 28, 2002

The Honourable Peter Liba
Lieutenant Governor of Manitoba
Government House
200 Kennedy Street
Winnipeg MB R3C 1S4

Your Honour:

It is my pleasure to present to you The Manitoba Water Services Board Annual Report for the period extending from April 1, 2001 to March 31, 2002. This report records the activities of the Board for that period.

Yours sincerely,

Jean Friesen

Jean Friesen
Minister

# Manitoba

**Intergovernmental Affairs**

The Manitoba Water
Services Board

P.O. Box 22080
2022 Currie Boulevard
Brandon MB R7A 6Y9
CANADA

(204) 726-6076
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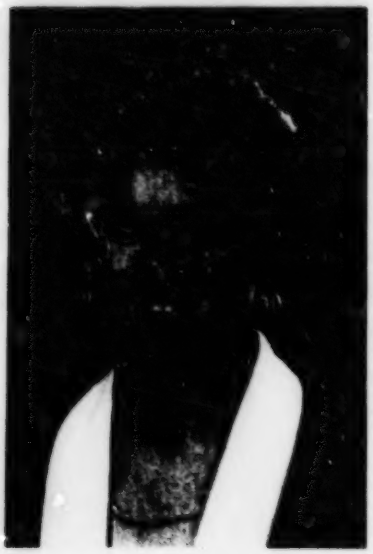
August 28, 2002

Honourable Jean Friesen
Minister of Intergovernmental Affairs
Room 301, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the 30th Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2002, together with the financial statements for the same period.



Yours sincerely,

Marie Elliott
Chairperson

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## The Manitoba Water Services Board

Box 22080, Brandon MB R7A 6Y9
Phone: 204-726-6076 Fax: 204-726-6290

**BOARD**:

**Marie Elliott** (Chairperson)
Deputy Minister
Intergovernmental Affairs

**Claudia E. Boyce**
Winnipeg, Manitoba

**Alvin Jones**
Killarney, Manitoba

**Val Sissons**
Portage la Prairie, Manitoba

**John Welsted**[1]
Brandon, Manitoba

**MANAGEMENT:**

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[1] Retired, February 2002.

# The Manitoba Water Services Board

## Foreword

The Manitoba Water Services Board (Board) was established in July 1972 as a Crown Corporation, under *The Manitoba Water Services Board Act,* to assist in the provision of water and sewerage facilities for the residents of rural Manitoba. The Board replaced The Manitoba Water Supply Board (1959-1972), taking over all responsibilities of the former Board, owning and operating 38 water supply installations in the Province.

In August 1981, the head office of The Manitoba Water Services Board, formerly in Winnipeg, was transferred to Brandon, Manitoba. The Board's primary mandate is the delivery of a Sewer and Water Program, which provides for the installation or upgrading of sewer and water facilities in Manitoba communities.

In 1984, the Board assumed the responsibility of delivering a Water Development Program, which provides for the construction of agricultural area pipelines and farm water sources, with the primary objective being to provide a dependable, sustainable water supply in rural Manitoba. The Board has also been involved in a number of partnership agreements with the Government of Canada, the most recent one being the Partnership Agreement on Municipal Water Infrastructure (PAMWI).

In 1994, the Board assumed responsibility for managing the Conservation Districts Program which, through partnerships with participating municipalities, provides sustainable soil and water management programs in 16 Districts covering over 70% of Agro Manitoba.

The Board, made up of four citizen members chaired by the Deputy Minister of Manitoba Intergovernmental Affairs, reports to the Legislature through the Minister of Intergovernmental Affairs. The Board's activities are managed by a team headed by the General Manager.

The Board, under the authority of the Act, may enter into agreements with any organized area of the Province, including municipalities, local government districts, villages, towns and cities, excluding (a) the City of Winnipeg, (b) the areas under the jurisdiction of the Minister of Aboriginal and Northern Affairs, and (c) those areas of the Province under Federal Government jurisdiction.

# La Commission des services d'approvisionnement en eau du Manitoba

## Avant-propos

La Commission des services d'approvisionnement en eau du Manitoba est une société d'État créée en juillet 1972 en vertu de la *Loi sur la Commission des services d'approvisionnement en eau du Manitoba.* Sa raison d'être est de faciliter l'approvisionnement en eau et l'installation de systèmes de traitement des eaux usées au bénéfice des résidants des régions rurales du Manitoba. La Commission a succédé à la Manitoba Water Supply Board (1959-1972), héritant de toutes ses responsabilités ainsi que des 38 stations d'approvisionnement en eau qu'elle gère dans l'ensemble de la province.

En août 1981, le siège social de la Commission des services d'approvisionnement en eau du Manitoba a été transféré de Winnipeg à Brandon, au Manitoba. La mission principale de la Commission consiste à mettre en œuvre le Programme de service d'eau et d'égouts qui s'occupe de l'installation et de l'amélioration des systèmes d'eau et d'égouts dans les communautés du Manitoba.

En 1984, la Commission a pris en charge la mise en œuvre du Programme pour l'amélioration des services d'approvisionnement en eau. Ce programme se consacre à la construction de canalisations d'eau dans les régions agricole et à la construction d'infrastructures d'approvisionnement des fermes en eau. L'objectif principal est de fournir aux régions rurales du Manitoba un approvisionnement en eau fiable et renouvelable. La Commission a également conclu plusieurs ententes de partenariat avec le gouvernement canadien. La plus récente est l'Entente d'association sur les infrastructures hydrauliques municipales.

En 1994, la Commission a pris en charge la gestion du Programme des districts de conservation. En vertu des partenariats établis avec les municipalités participantes, des programmes de renouvellement des terres et de gestion de l'eau sont offerts dans 16 districts couvrant plus de 70 % de la surface agricole du Manitoba.

Quatre citoyens forment le conseil d'administration de la Commission qui est présidée par le sous-ministre des Affaires intergouvernementales. La Commission rend compte à l'Assemblée législative par l'entremise du ministre

Once an application for assistance or a resolution is received, the Board prioritizes the project and subject to availability of funds and approvals, makes the necessary physical and technical investigations, an offer (Agreement) is submitted to the municipality for the construction of new works, extensions and/or improvements to existing works. After the municipality has received the necessary Municipal Board approvals, the Agreement is executed and the Board enters into the necessary contracts for Engineering services and construction of the works. Generally, the Board provides Project Management, including interim financing and tendering of all construction contracts, for the projects undertaken.

des Affaires intergouvernementales. Les activités de la Commission sont gérées par une équipe dirigée par le directeur général.

En vertu de la *Loi*, la Commission peut conclure des ententes avec toutes les administrations locales de la province, notamment les municipalités, les districts d'administration locale, les villages et les villes, à l'exception a) de la ville de Winnipeg, b) des régions relevant du ministre des Affaires autochtones et du Nord et c) des régions de la province relevant du gouvernement fédéral.

Dès qu'elle reçoit une demande d'aide ou une résolution, la Commission détermine la priorité du projet. Puis, sous réserve d'acceptation et de fonds disponibles, elle effectue les recherches physiques et techniques nécessaires. On présente alors à la municipalité une offre (entente) de construction des nouveaux ouvrages, ou d'extension ou d'amélioration des ouvrages existants. Dès que la municipalité obtient les approbations indispensables de son conseil municipal, l'entente est mise en œuvre et la Commission entame le processus nécessaire d'attribution des contrats de services d'ingénierie et de construction des ouvrages. En règle générale, la Commission assume la gestion du projet, y compris le financement provisoire et les appels d'offres pour tous les contrats de construction.

## Objectives

The Manitoba Water Services Board has the following specific objectives:

a) To encourage municipalities to assume responsibility of ownership, operating and maintenance of water treatment plants constructed prior to 1972.

b) To assist municipalities with the construction of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.

c) To assist municipalities in the transmission of water from a source of supply or a point of storage to a point of acceptance by the individual.

d) To assist municipalities with the construction of works for the collection of sewage.

e) To assist municipalities with the construction of works for the treatment and disposal of sewage.

f) To assist agricultural communities with the upgrading of water supply/treatment facilities and/or sewage treatment systems.

g) To provide assistance to municipalities to establish Conservation Districts to carry out programs that support Provincial sustainable development and economic objectives in the areas of soil and water management, habitat enhancement and water quality.

## Objectifs

Voici les objectifs précis de la Commission des services d'approvisionnement en eau du Manitoba :

a) encourager les municipalités à assumer leur responsabilité quant à la propriété, l'exploitation et l'entretien des stations de traitement d'eau construites avant 1972;

b) aider les municipalités à construire les stations et ouvrages nécessaires pour se procurer l'eau, la recueillir, l'entreposer, la traiter, la purifier et l'acheminer;

c) aider les municipalités à acheminer l'eau de sa source ou de son lieu d'entreposage jusqu'au point d'alimentation accepté par les particuliers;

d) aider les municipalités à construire les ouvrages nécessaires à la collecte des eaux usées;

(e) aider les municipalités à construire les ouvrages nécessaires au traitement et à l'évacuation des eaux usées;

(f) aider les communautés agricoles à améliorer les installations d'approvisionnement et de traitement des eaux naturelles, ainsi que les systèmes de traitement des eaux usées;

(g) aider les municipalités à mettre sur pied des districts de conservation pour mettre en œuvre les programmes qui appuient les objectifs de la province en matière d'économie et de développement durable, plus précisément en ce qui concerne la gestion du sol et de l'eau, la mise en valeur de l'habitat et la qualité de l'eau.

## Capital Programs

To meet its objectives, the Board enters into agreements with Municipalities and/or Water Cooperatives, to provide technical and financial assistance to construct and/or upgrade water and/or sewerage infrastructure works. The primary objective is to ensure that a safe and sustainable water supply is available and that the wastewater is treated and disposed of in an environmentally sustainable manner.

Generally, the Board's total annual expenditure for water and sewerage, including Municipal and Federal contribution, is approximately $30.0M. Total expenditure under the Conservation Districts Program is $6.0M (Provincial share $3.5M).

## Programmes d'immobilisations

Pour atteindre ses objectifs, la Commission conclut des ententes avec les municipalités ou les coopératives d'eau afin de fournir une aide technique et financière leur permettant de construire ou d'améliorer des infrastructures hydrauliques ou de traitement des eaux usées. L'objectif principal est de garantir un approvisionnement en eau sécuritaire et renouvelable, ainsi que le traitement et l'évacuation des eaux usées d'une façon renouvelable et respectueuse de l'environnement.

En général, les dépenses totales de la Commission en matière d'eau naturelle et d'eau usée s'élèvent à 30 millions de dollars par an (cette somme inclut les contributions municipales et fédérales). Les dépenses totales pour le Programme des districts de conservation s'élèvent à six millions de dollars, dont trois millions et demi fournis par la province.

# Activities Carried Out To Meet The Objectives

## Water Treatment Plants (Previously Constructed Works)

The Manitoba Water Services Board acquired 38 water treatment plants constructed under the authority of *The Manitoba Water Supply Board Act.*

To meet the objectives of the Board and at the request of the municipalities, the Board has transferred the following water treatment plants:

| | |
|---|---|
| Hartney, Town | January 1, 1979 |
| Altona, Gretna, Rhineland | March 31, 1987 |
| Letellier, (Montcalm, R.M.) | March 31, 1987 |
| Winkler, Town | January 1, 1989 |
| Holland, (Victoria, R.M.) | December 1, 1991 |
| Gilbert Plains, Town | April 1, 1992 |
| Dominion City, (Franklin, R.M.) | July 1, 1993 |
| St. Jean Baptiste, (Montcalm, R.M.) | December 31, 1993 |
| Ste. Rose du Lac, Village | December 31, 1993 |
| Ste. Agathe, (Ritchot, R.M.) | April 1, 1994 |
| Hamiota, Town | January 1, 1998 |
| Erickson, Town | January 1, 1998 |
| Cartwright, Village | January 1, 1998 |
| Deloraine, Town | April 1, 1998 |
| St. Claude, Village | April 1, 1998 |
| Kenton, (Woodworth, R.M.) | July 1, 1998 |
| Angusville, (Silver Creek, R.M.) | January 1, 1999 |
| Manitou, Town | April 1, 1999 |
| Reston, (Pipestone, R.M.) | April 1, 1999 |
| Russell, Town | April 1, 1999 |
| Elie, (Cartier, R.M.) | June 1, 1999 |
| Pilot Mound, Town | August 1, 1999 |
| Benito, Village | April 1, 2000 |
| Kelwood, (Rosedale, R.M.) | October 1, 2000 |
| Rossburn, Town | November 1, 2000 |

*The Manitoba Water Services Board Act* requires the Board to fix water rates for plants constructed prior to 1972 to recover costs pertaining to the services supplied. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board, which indicate a return of full capital costs and operating deficits based on a 35 year operating life.

At the beginning and ending of the fiscal year the Board owned and operated 13 water treatment plants. Effective April 1, 2002 water rates remained unchanged at Baldur, Belmont, Bowsman, Ethelbert, McCreary, Minitonas, Sandy Lake and Somerset. The water rate was increased at Inglis, Notre Dame de Lourdes, Oak River, Strathclair and Winnipegosis by the Canadian Price Index of 3.3%.

As the Previously Constructed Water Plants did not receive a Provincial grant during construction and as an inducement to the Municipality to assume the ownership, including operating and maintenance of these plants, The Manitoba Water Services Board has offered to assume the deficit as at the time of transfer.

**Water Treatment Plants (Previously Constructed Works)**

| Sale of Water Town or Municipality | Consumption 2001-02 | Actual Cost of Production per 1,000 I.G. | April 1/02 Selling Price 1,000 I.G. | Type of Treatment |
|---|---|---|---|---|
| Argyle, (R.M.)(Baldur) | 5,996,290 | 5.300 | 5.30 | B,C,E |
| Blanshard, (R.M.)(Oak River) | 3,078,456 | 7.970 | 8.23 | C,E,GA |
| Bowsman, Village | 5,566,000 | 6.300 | 6.30 | E,F |
| Ethelbert, Village | 4,621,000 | 5.800 | 5.80 | C,E |
| Harrison, (R.M.)(Sandy Lake) | 6,602,733 | 5.000 | 5.00 | C,E |
| McCreary, Village | 14,031,000 | 2.000 | 2.00 | E,F |
| Minitonas, Town | 7,942,000 | 7.560 | 7.56 | B,E,GB |
| Notre Dame de Lourdes, Village | 21,030,000 | 3.300 | 3.41 | C,E,GA |
| Shellmouth-Boulton, (R.M.)(Inglis) | 3,007,664 | 8.740 | 9.90 | C,E,GA |
| Somerset, Village | 11,375,600 | 3.180 | 3.18 | C,E |
| Strathclair, (R.M.)(Strathclair) | 6,099,749 | 7.690 | 7.94 | C,E,GA |
| Strathcona, (R.M.)(Belmont) | 4,277,000 | 6.900 | 6.90 | C,E |
| Winnipegosis, Village | 10,244,649 | 7.310 | 7.70 | B,E,GA |

**Type of Treatment:**

B - Fluoridation

C - Iron and/or manganese removal

E - Chlorination

F - Filtration

GA - Membrane, Nano

GB - Membrane, Reverse Osmosis

# Sewer and Water Program

### Water Treatment Plants (Newly Constructed)

Under *The Manitoba Water Services Board Act* the Board entered into seven cost sharing agreements with municipalities for the construction of water treatment plants and to operate the plants at full recovery of operating costs. As at April 1, 2001 the Board operated a plant at Elm Creek.

To meet the objectives of the Board and at the request of the municipalities, the Board has terminated the operating agreements for the following water treatment plants:

| | |
|---|---|
| Rapid City, Town | October 1, 1997 |
| Cranberry Portage, (Kelsey, R.M.) | January 1, 1998 |
| Birch River, (Mountain, R.M.) | April 1, 1998 |
| Grunthal, (Hanover, R.M.) | April 1, 1998 |
| Miami, (Thompson, R.M.) | April 1, 1999 |
| Swan Lake, (Lorne, R.M.) | April 1, 1999 |

Effective April 1, 2002 the water rate will be increased at the remaining plant operated by the Board from $5.75 to $5.94 per thousand Imperial gallons.

| Sale of Water Town or Municipality | Consumption 2001-02 | Actual Cost of Production per 1,000 I.G. | April 1/02 Selling Price 1,000 I.G. | Type of Treatment |
|---|---|---|---|---|
| Grey, (R.M.)(Elm Creek) | 8,403,920 | 5.750 | 5.94 | C,E,GB |

**Type of Treatment:**

C - Iron and/or manganese removal

E - Chlorination

GB - Membrane, Reverse Osmosis

## Capital Construction

The Board enters into agreements with municipalities when requested and approved. Total project management, which includes entering into engineering consultant agreements, obtaining various approvals, entering into contracts and interim financing, are provided.

In 1997, the Manitoba Government revised the Grant Formula for The Manitoba Water Services Board as follows:

a) Projects where there are documented public health or environmental problems and/or have economic benefits to the Province and the municipality will receive a 50% Provincial grant.
b) Projects which are primarily of local improvement in nature will receive a 30% Provincial grant.

An additional grant to a maximum of 10% may be considered by the Board for accepted projects north of the 53rd parallel.

Under the Sewer and Water Program, the Board also undertakes a number of projects in partnership with the Federal Prairie Farm Rehabilitation Administration (PFRA), primarily in the area of rural water development. This includes the development, primarily, of community water sources and rural water pipelines. The costs are shared, generally on a one-third basis between the Board, PFRA and the local municipality.

New agreements between The Manitoba Water Services Board and a municipality vary in length, however an agreement is long enough to ensure a stable period of operation of the works and to guarantee satisfactory water and sewer services to the municipality.

Water and sewer activities, including feasibility studies, design and construction, resulted in a total expenditure of $22.503M, of which $10.338M was contributed by the Province. Project management and interim financing were provided to 32 substantially completed, 45 ongoing and 49 new projects during the year.

Sewer and Water Projects Substantially Completed during 2001-02 were:

| Project | Work Description | Project Costs | Provincial Grants |
|---|---|---|---|
| Arborg (7), Village | Water and Sewer Works | $570,355 | $187,642 |
| Birtle (6), R.M. (Foxwarren) | Low Pressure Sewer System | 101,395 | 50,697 |
| Blanshard (4), R.M. (Oak River) | Water Treatment Plant Upgrading | 31,548 | 15,774 |
| Boissevain (6), Town | Water Treatment Plant | 3,198,109 | 1,599,055 |
| Cartier (11), R.M. | Water Supply Pipeline | 557,380 | 277,027 |
| Cartier (12), R.M. (Springstein) | Wastewater Stabilization Pond | 305,779 | 31,669 |
| Coldwell (2), R.M. (Lundar) | Lift Station Upgrading | 69,186 | 34,593 |
| Deloraine (4), Town | Water Treatment Plant Upgrading | 393,815 | 196,902 |
| Dufferin (2), R.M. | Water Supply Pipeline and Services | 777,174 | 204,058 |
| East St. Paul (2), R.M. | Sewermain Extensions | 382,459 | 114,738 |
| Gimli (5), R.M. | Sewermain Replacement | 1,579,055 | 520,541 |
| Kelsey (2), R.M. Ph. 2 | Water Supply Pipeline | 1,288,298 | 429,433 |
| McCreary (7), Village | Water Treatment Plant Upgrading | 51,050 | 25,525 |
| Montcalm (5), R.M. | Water Supply Pipeline | 701,185 | 158,728 |
| Pipestone (2), R.M. (Reston) | Sewage Lagoon Study | 59,771 | 29,885 |
| Portage la Prairie (14), City | Water Supply Upgrade | 3,603,657 | 1,801,829 |
| Portage la Prairie (15), R.M. | Water Supply Pipeline Extensions | 1,271,701 | 423,900 |
| Portage la Prairie (17), City | Water Supply Upgrading | 2,156,927 | 1,078,463 |
| Portage la Prairie (19), R.M. | Sewage Lagoon Study | 19,301 | 9,651 |
| Powerview (3), Village | Sewerage Works | 216,067 | 64,820 |
| Rivers (2), Town | Sewage Lagoon Study | 26,114 | 13,057 |
| Rosedale (4), R.M. (Kelwood) | Water Supply Pipeline | 51,176 | 17,058 |
| Shellmouth-Boulton (4), R.M. (Inglis) | Water Treatment Plant Upgrading | 24,614 | 12,307 |
| Shoal Lake (5), R.M. | Lagoon Effluent Diversion | 34,667 | 17,333 |
| Snow Lake (4), Town | Water Supply System Study | 22,180 | 11,090 |
| Souris (11), Town | Sewage Treatment Plant Upgrading | 108,795 | 54,398 |
| Souris (12), Town | Water Supply Upgrading | 595,334 | 297,667 |
| Stanley (4), R.M. | Watermains and Service Connections | 357,358 | 85,786 |
| Ste. Rose du Lac (8), Town | Water Treatment Plant Upgrading | 402,612 | 201,306 |
| Swan River (4), Town | Water Plant Functional Design | 100,070 | 50,035 |
| Victoria (2), R.M. (Holland) | Watermain Renewal and Lift Station | 426,972 | 168,744 |
| West St. Paul, R.M. | Regional Sewage Facility Study | 65,711 | 32,849 |
| | Total | $19,549,815 | $8,216,560 |

Sewer and Water Projects Under Design and/or Construction during 2001-02 were:

| Project | Work Description | Agreement Estimate | Estimated Grants |
|---|---|---|---|
| Alexander (3), R.M. Ph. 1 | Water and Sewer Infrastructure | $576,500 | $249,970 |
| Beausejour (4), Town | Water and Sewer Extensions | 250,000 | 75,000 |
| Binscarth (6), Village | Sewage Lagoon Study | 30,000 | 15,000 |
| Bowsman (3), Village | Water Treatment Plant Upgrading | 110,000 | 55,000 |
| Bowsman (4), Village | Sewage Lagoon Study | 25,000 | 12,500 |
| Brokenhead, R.M. | Water and Sewer System Study | 100,000 | 50,000 |
| Dufferin (3), R.M. | Water Supply Pipeline | 1,500,000 | 500,000 |
| Dufferin (4), R.M. | Water Supply Pipeline | 1,810,000 | 603,333 |
| Elton (4), R.M. (Forrest) | Sewage Lagoon Study | 25,000 | 12,500 |
| Erickson (7), Town | Lagoon and Wetlands Study | 47,500 | 23,750 |
| Flin Flon (7), City Ph. 1 | Sewage Treatment Plant Upgrade | 3,000,000 | 1,780,000 |
| Gimli (7), R.M./Town | Wastewater Treatment Facility Design | 150,000 | 37,500 |
| Grey (3), R.M. (Elm Creek) | Water Treatment Plant Upgrading | 40,000 | 12,500 |
| Harrison, R.M. (Sandy Lake) | Water Treatment Plant Pilot Study | 15,000 | 7,500 |
| Harrison (2), R.M. (Sandy Lake) | Sewage Lagoon Study | 25,000 | 12,500 |
| Headingley (4), R.M. | Sewage Plant Watermain Upgrading | 1,700,000 | 631,429 |
| Lac du Bonnet (5), Town | Water Plant Functional Design | 100,000 | 50,000 |
| Lac du Bonnet (6), Town | Water Treatment Plant Upgrading | 2,314,000 | 1,150,000 |
| Lansdowne, R.M. (Arden) | Sewage Lagoon Study | 28,000 | 14,000 |
| Miniota (3), R.M. (Miniota) | Sewage Lagoon Study | 28,000 | 14,000 |
| Morris (5), R.M. (Sperling) | Water Supply Pipeline | 462,000 | 142,000 |
| Morris (6), R.M. (Sperling) | Sewage Lagoon Study | 25,000 | 12,500 |
| Morris (7), R.M. | Water and Sewer Supply System | 424,000 | 200,000 |
| Notre Dame de Lourdes (5), V. | Water Treatment Plant Upgrade | 10,000 | 5,000 |
| Pipestone (3), R.M. (Reston) | Sewage Lagoon Study | 16,000 | 8,000 |
| Portage la Prairie (16), City | Water Supply Feedermains | 1,200,000 | 360,000 |
| Portage la Prairie (18), R.M. | Water Supply Pipeline | 900,000 | 298,200 |
| Portage la Prairie (20), City | Water Treatment Plant Upgrading | 5,080,000 | 2,540,000 |
| Ritchot (3), R.M. Ph. 2 | Water Supply Pipeline | 800,000 | 266,667 |
| Roland (3), R.M. | Sewage Lagoon Study | 32,000 | 16,000 |
| Shellmouth-Boulton (3), R.M. | Water Treatment Plant Upgrading | 300,000 | 150,000 |
| Shoal Lake (6), R.M. (Oakburn) | Sewage Lagoon Study | 25,000 | 12,500 |
| Souris (13), Town | Water Supply Pipeline | 584,400 | 292,200 |
| Springfield, R.M. | Water and Sewer Study | 35,000 | 17,500 |
| Stanley (5), R.M. | Reservoir and Water Supply Pipeline | 450,000 | 150,000 |
| St. Andrews, R.M. | Regional Sewage Feasibility Study | 10,000 | 5,000 |
| Ste. Rose du Lac (9), Town | Water Treatment Plant Upgrading | 600,000 | 300,000 |
| Strathclair (5), R.M. (Strathclair) | Water Treatment Plant Upgrading | 600,000 | 300,000 |

| Sewer and Water Projects Under Design and/or Construction during 2001-02 cont'd: | | | |
|---|---|---|---|
| Strathclair (6), R.M. (Strathclair) | Sewage Lagoon Study | 25,000 | 12,500 |
| Swan River (5), Town | Water Supply Upgrading | 3,900,000 | 1,950,000 |
| The Pas (4), Town | Water Treatment Plant Upgrading | 1,500,000 | 720,000 |
| Virden (6), Town | Water Treatment Plant Upgrading | 100,000 | 33,333 |
| Wallace, R.M. | Rural Water Pipeline Study | 30,000 | 10,000 |
| Whitehead, R.M. (Alexander) | Sewage Lagoon Study | 34,000 | 17,000 |
| Winnipegosis (8), Village | Water Treatment Plant Upgrading | 400,000 | 200,000 |
| | | $29,416,400 | $13,324,882 |

Water and Sewer Construction Agreements Signed during 2001-02 were:

| Project | Date Agreement Signed | Estimated Capital Cost of Project |
|---|---|---|
| Beausejour (4), Town | October 25, 2001 | $250,000 |
| Binscarth (6), Village | June 25, 2001 | 30,000 |
| Birtle (6), R.M. | August 21, 2001 | 100,000 |
| Bowsman (3), Village | July 13, 2001 | 110,000 |
| Bowsman (4), Village | November 16, 2001 | 25,000 |
| Brokenhead, R.M. | August 8, 2001 | 100,000 |
| Cartier (11), R.M. | June 1, 2001 | 1,200,000 |
| Cartier (12), R.M. | July 16, 2001 | 410,000 |
| Coldwell (2), R.M. (Lundar) | November 9, 2001 | 100,000 |
| Deloraine (6), Town | October 18, 2001 | 300,000 |
| Dufferin (3), R.M. | May 24, 2001 | 1,500,000 |
| Dufferin (4), R.M. | September 4, 2001 | 1,810,000 |
| Elton (4), R.M. (Forrest) | October 18, 2001 | 25,000 |
| Emerson, Town | March 1, 2002 | 400,000 |
| Grey, R.M. (Elm Creek) | March 8, 2002 | 25,000 |
| Harrison (2), R.M. (Sandy Lake) | October 18, 2001 | 25,000 |
| Headingley (4), R.M. | July 16, 2001 | 1,700,000 |
| Kelsey (2), R.M. Ph. 2 | June 25, 2001 | 1,350,000 |
| Lac du Bonnet, Town | January 30, 2002 | 2,700,000 |
| Lansdowne, R.M. (Arden) | January 24, 2002 | 28,000 |
| McCreary (7), Village | April 23, 2001 | 50,000 |
| Miniota (3), R.M. | January 24, 2002 | 28,000 |
| Morris (6), R.M. | December 1, 2001 | 25,000 |
| Morris (7), R.M. (Sperling) | March 1, 2002 | 594,000 |
| Pipestone (2), R.M. (Reston) | May 9, 2001 | 46,000 |
| Pipestone (3), R.M. (Reston) Ph. 2 | March 8, 2002 | 16,000 |
| Portage la Prairie (16), City | April 23, 2001 | 1,200,000 |
| Portage la Prairie (17), City | April 23, 2001 | 2,000,000 |
| Portage la Prairie (18), R.M. | May 7, 2001 | 900,000 |
| Portage la Prairie (19), R.M. | June 25, 2001 | 22,000 |
| Portage la Prairie (20), City | July 16, 2001 | 5,080,000 |
| Ritchot (3), R.M. Ph. 2 | April 23, 2001 | 800,000 |
| Roland (3), R.M. | January 24, 2002 | 32,000 |
| Shellmouth-Boulton (3), R.M. (Inglis) Ph. 3 | May 9, 2001 | 300,000 |
| Shellmouth-Boulton (4), R.M. (Inglis) Ph. 4 | February 22, 2002 | 30,000 |
| Shoal Lake (6), R.M. | November 9, 2001 | 25,000 |
| Souris (11), Town | May 18, 2001 | 112,000 |
| Souris (12), Town | June 6, 2001 | 470,000 |
| Souris (13), Town | October 18, 2001 | 584,400 |
| Springfield, R.M. | February 22, 2002 | 35,000 |

| Water and Sewer Construction Agreements Signed during 2001-02 cont'd: | | |
|---|---|---|
| Stanley (5), R.M. | September 14, 2001 | 450,000 |
| Ste. Rose du Lac (9), Town | June 14, 2001 | 600,000 |
| Strathclair (5), R.M. | August 27, 2001 | 600,000 |
| Strathclair (6), R.M. (Strathclair) | October 18, 2001 | 25,000 |
| Swan River (5), Town | May 23, 2001 | 3,900,000 |
| Victoria (2), R.M. (Holland) | May 24, 2001 | 650,000 |
| Virden (6), Town | February 22, 2002 | 100,000 |
| Wallace, R.M. | January 22, 2002 | 30,000 |
| Whitehead, R.M. (Alexander) | January 22, 2002 | 34,000 |
| | Total | $30,926,400 |

## Conservation Districts Program

The Conservation Districts (CD) Program operates under the authority of *The Conservation Districts Act.* The objectives of the Act are to provide for the conservation, control and prudent use of water and land resources. In 1994-95, the day to day management of the Program was placed under the General Manager of The Manitoba Water Services Board. The CD Commission, chaired by the Deputy Minister of Intergovernmental Affairs, is responsible for providing the Minister with advice and guidance on the CD programs and budgets.

A comprehensive sustainable approach to soil and water management within agro Manitoba will be fostered and developed. Many Districts will also carry out programs that support eco tourism, historic resources and wildlife habitat enhancement. Local involvement, which is critical to effective project implementation, will continue to be a requirement and has proven integral to program success. There are presently 16 CDs covering approximately 70% of agro Manitoba.

The Province provides grants of up to 75% of the cost of the CD programs. In 2001-02, the total grants amounted to $3.097M. Conservation Districts and the year each came into being are as follows:

| Conservation Districts | Year Established |
|---|---|
| Alonsa | 1978 |
| Cooks Creek | 1979 |
| Intermountain | 1997 |
| Kelsey | 1999 |
| Lake of the Prairies | 2001 |
| LaSalle Redboine | 2002 |
| Little Saskatchewan | 1999 |
| Mid Assiniboine | 2002 |
| Pembina Valley | 1990 |
| Seine-Rat River | 2002 |
| Tiger Hills | 2001 |
| Turtle Mountain | 1973 |
| Turtle River Watershed | 1975 |
| Upper Assiniboine River | 1996 |
| West Souris River | 1995 |
| Whitemud Watershed | 1972 |

Details on the activities and the expenditures of each of the CDs are provided in the Conservation Districts of Manitoba Annual Report.

# The Manitoba Water Services Board

## Management Report

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements. The statements are examined by the Provincial Auditor of the Province of Manitoba, whose opinion is included herein.

To fulfill this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions, and that appropriate policies and procedures are established and respected.

The Provincial Auditor has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting of the Board.

R. Menon, P.Eng.
General Manager

C. Brigden
Financial Officer

June 28, 2002

*Office of the Auditor General*

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

## AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of The Manitoba Water Services Board

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2002 and the statements of operating revenues and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 28, 2002

**The Manitoba Water Services Board** **Exhibit A**

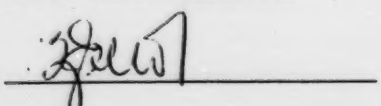
# Balance Sheet

as at March 31, 2002

| ASSETS | 2002 | 2001 |
|---|---|---|
| Current assets | | |
| Cash | $ 147,000 | $ 207,761 |
| Accounts receivable | 4,471,606 | 3,678,710 |
| Prepaid Supplies | 81,607 | 66,950 |
| Current portion, Construction in progress (Note 4) | 3,347,181 | 1,199,267 |
| Accrued interest | 40,853 | 51,880 |
| Current portion of debentures receivable | 334,481 | 309,374 |
| | 8,422,728 | 5,513,942 |
| Long-term Construction in Progress (Note 4) | 1,822,922 | 421,900 |
| Debentures receivable from municipalities (Note 5) | 782,697 | 1,117,178 |
| Capital assets (Note 6) | 174,350 | 216,342 |
| | $ 11,202,697 | $ 7,269,362 |

| LIABILITIES | 2002 | 2001 |
|---|---|---|
| Current liabilities | | |
| Accounts payable and accrued charges | $ 5,865,298 | $ 4,479,202 |
| Advances from the Province of Manitoba payable on demand | 3,800,000 | 1,000,000 |
| Current portion of long-term debt | 109,131 | 99,539 |
| Infrastructure Renewal - Whitemud Conservation District (Note 3) | 626,545 | 470,488 |
| Infrastructure Renewal - Conservation Districts (Note 3) | 450,000 | - |
| | 10,850,974 | 6,049,229 |
| Long-term debt (Note 7) | | |
| Advances from the Province of Manitoba | 542,168 | 651,299 |
| Funds retained (Note 8) | (290,445) | 468,834 |
| Interest adjustment fund account (Note 9) | 100,000 | 100,000 |
| | (190,445) | 568,834 |
| | $ 11,202,697 | $ 7,269,362 |

APPROVED BY THE BOARD



**The Manitoba Water Services Board** **Exhibit B**

# Statement of Operating Revenues and Expenditures

for the year ended March 31, 2002

| | 2002 | 2001 |
|---|---|---|
| **Revenues** | | |
| Sale of water | $ 1,231,594 | $ 1,149,800 |
| Administrative expenses paid by the Province of Manitoba (Note 10) | 1,852,447 | 1,839,908 |
| Interest | 162,097 | 203,713 |
| Total revenues | 3,246,138 | 3,193,421 |
| **Expenditures** | | |
| Direct expenditures for water supply plants | | |
| Interest - Advances payable on demand | 168,021 | 202,060 |
| - Long-term debt | 74,150 | 91,715 |
| Less: Interest allocated to new construction | (167,908) | (161,211) |
| | 74,263 | 132,564 |
| Chemicals | 54,125 | 83,890 |
| Amortization | 41,992 | 57,612 |
| Heat, telephone, light and power | 220,070 | 211,664 |
| Professional services | 1,021,350 | 579,685 |
| Salaries and benefits | 296,117 | 312,513 |
| Repairs and maintenance | 90,214 | 207,326 |
| Administrative expenses (Note 10) | 1,852,447 | 1,839,908 |
| Total expenditures | 3,650,578 | 3,425,162 |
| Deficiency of operating revenues over expenditures | (404,440) | (231,741) |
| Funds retained, beginning of year | 468,834 | 931,621 |
| Plant surplus transferred to municipalities on disposition | (354,839) | (231,046) |
| Funds retained, end of year (Note 8) | $ (290,445) | $ 468,834 |

**The Manitoba Water Services Board** **Exhibit C**

# Statement of Cash Flows

for the year ended March 31, 2002

| | 2002 | 2001 |
|---|---|---|
| Cash provided by (used for): | | |
| Operating activities | | |
| Excess (deficiency) of operating revenues over expenditures | $ (404,440) | $ (231,741) |
| Expenditure not involving cash - amortization | 41,992 | 57,612 |
| | (362,448) | (174,129) |
| Change in accounts receivable | (792,896) | (405,871) |
| Change in prepaid supplies | (14,657) | (14,120) |
| Change in accounts payable and accrued charges | 1,386,096 | 3,445,054 |
| Change in accrued interest | 11,027 | 19,063 |
| Cash provided by (used for) operating activities | 227,122 | 2,869,997 |
| Financing activities | | |
| Advances received | 8,000,000 | 3,400,000 |
| Advances repaid | (5,299,539) | (6,990,790) |
| Debentures receivable principal recoveries | 309,374 | 368,128 |
| Contribution received - Infrastructure | 950,000 | 500,000 |
| Infrastructure Expenditure | (343,943) | (29,512) |
| Cash provided by (used for) financing activities | 3,615,892 | (2,752,174) |
| Investing activities | | |
| New construction costs | (22,698,993) | (22,985,515) |
| Funding recovered from: | | |
| Province of Manitoba | 9,912,488 | 11,548,496 |
| Municipalities | 9,237,569 | 11,511,377 |
| Decrease (increase) in construction in progress | (3,548,936) | 74,358 |
| Capital asset disposals | - | 6,121 |
| Plant surplus transferred to municipalities on disposition | (354,839) | (231,046) |
| Cash provided by (used for) investing activities | (3,903,775) | (150,567) |
| (Decrease) increase in cash | (60,761) | (32,744) |
| Cash, beginning of year | 207,761 | 240,505 |
| Cash, end of year | $ 147,000 | $ 207,761 |

Interest paid during the year ended March 31 amounted to $240,419 (2001 - $283,207)

## 1. NATURE OF ORGANIZATION

The Manitoba Water Services Board was established in July 1972 under *The Manitoba Water Services Board Act* to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board owns and operates water supply plants in the Province, installs or upgrades water and sewage facilities in Manitoba communities, constructs area water pipelines for agricultural and drought proofing purposes and develops farm water sources.

## 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared using Canadian generally accepted accounting principles. Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the Statement of Operating Revenues and Expenditures. Separate equity accounts are maintained for each plant operated by the Board (Note 8).

(b) Capital assets

Capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

| | | |
|---|---|---|
| Plants constructed prior to January 1, 1972 | equipment | 18 years |
| | buildings | 35 years |
| Plants constructed after January 1, 1972 | equipment | 20 years |
| | buildings | 20 years |

(c) Revenue recognition

Revenue from sale of water is recognized in the period when consumed by the town or municipality.

(d) Administrative expenses paid by the Province of Manitoba

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at fair value in the financial statements.

(e) Pension costs and obligations

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

## 3. INFRASTRUCTURE RENEWAL

The Board maintains an infrastructure renewal reserve account for the Whitemud Conservation District to be used over the next ten years for the Province's 75% contribution of the cost of replacing aging waterway bridges and crossings. The Whitemud Conservation District will assume responsibility for the Provincial waterway infrastructure at the end of the agreement. The Board is now also maintaining an infrastructure reserve account to be utilized only for Capital (infrastructure) construction works for Cooks Creek, Turtle River, and the Whitemud Conservation Districts.

## 4. CONSTRUCTION IN PROGRESS

| | 2002 | 2001 |
|---|---|---|
| Balance, beginning of year | $ 1,621,167 | $ 1,695,525 |
| New construction costs | 22,698,993 | 22,985,515 |
| | 24,320,160 | 24,681,040 |
| Funding recovered from: | | |
| Municipalities | 9,237,569 | 11,511,377 |
| Province of Manitoba | 9,912,488 | 11,548,496 |
| | 19,150,057 | 23,059,873 |
| Balance, end of year | 5,170,103 | 1,621,167 |
| Less: current portion | 3,347,181 | 1,199,267 |
| Long-term Construction in Progress | $ 1,822,922 | $ 421,900 |

## 5. DEBENTURES RECEIVABLE FROM MUNICIPALITIES

Prior to April 1985, the Board financed capital construction costs through long-term debt at fixed interest rates with the Province of Manitoba and the Canada Mortgage and Housing Corporation. Municipalities financed the municipal share of capital construction costs by issuing debentures to the Board. The debentures were issued in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the Board's corresponding long-term debt financing. Since April 1985, the Board has recovered the municipal share of capital construction costs on a current basis.

Schedule of Debentures Receivable from Municipalities:

| Year of Maturity | Annual Payment Date | Interest Rate(%) | 2002 | 2001 |
|---|---|---|---|---|
| 2001 | December 31 | 13.125 | $ - | $ 10,763 |
| 2002 | December 31 | 13.125 | 51,034 | 96,148 |
| 2003 | December 31 | 12.625 | 110,107 | 156,088 |
| Subtotal (carried forward) | | | $ 161,141 | $ 262,999 |

## 5. DEBENTURES RECEIVABLE FROM MUNICIPALITIES (continued)

| Year of Maturity | Annual Payment Date | Interest Rate(%) | 2002 | 2001 |
|---|---|---|---|---|
| Subtotal (brought forward) | | | $ 161,141 | $ 262,999 |
| 2004 | December 31 | 12.750 | 472,036 | 595,217 |
| 2005 | October 31 | 10.950 | 257,270 | 306,540 |
| 2006 | October 31 | 9.800 | 137,323 | 102,799 |
| 2006 | October 31 | 8.000 | 89,408 | 158,997 |
| Total debentures receivable | | | 1,117,178 | 1,426,552 |
| Less: current portion | | | 334,481 | 309,374 |
| Debentures receivable beyond one year | | | $ 782,697 | $ 1,117,178 |

## 6. CAPITAL ASSETS

| | 2002 | 2001 |
|---|---|---|
| Land and easements | $ 23,165 | $ 23,165 |
| Buildings | 1,351,253 | 1,351,253 |
| Less accumulated amortization | 1,200,068 | 1,158,076 |
| | 151,185 | 193,177 |
| Equipment | 474,900 | 474,900 |
| Less accumulated amortization | 474,900 | 474,900 |
| Total capital assets | $ 174,350 | $ 216,342 |

## 7. LONG-TERM DEBT

| Year of Maturity | Annual Payment Date | Interest Rate(%) | 2002 | 2001 |
|---|---|---|---|---|
| Advances from the Province of Manitoba: | | | | |
| 2004 | March 31 | 9.250 | $ 7,501 | $ 10,782 |
| 2006 | October 31 | 9.800 | 108,790 | 125,084 |
| 2007 | March 31 | 9.625 | 516,050 | 593,734 |
| 2007 | October 31 | 9.400 | 18,958 | 21,238 |
| Total advances payable | | | 651,299 | 750,838 |
| Less: current portion | | | 109,131 | 99,539 |
| Advances payable beyond one year | | | $ 542,168 | $ 651,299 |

The Board has the right at any time to repay in whole or in part the advances from the Province of Manitoba.

The aggregate amount of payments required in each of the next five years to meet debt retirement provisions are:

| | |
|---|---|
| 2003 | $ 109,131 |
| 2004 | $ 119,647 |
| 2005 | $ 126,898 |
| 2006 | $ 139,143 |
| 2007 and beyond | $ 156,480 |

## 8. FUNDS RETAINED

Funds retained consist of accumulated excess revenues over expenditures pertaining to the water supply plants owned and operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities.

Funds retained also include the gain on the sale of the Red River Regional Water Supply System.

8. **FUNDS RETAINED (continued)**

Funds retained consist of the following:

| | No. | 2002 Amount | No. | 2001 Amount |
|---|---|---|---|---|
| **Plants owned by the Board** | | | | |
| Plants with a deficit | 5 | $ (1,099,769) | 5 | $ (504,081) |
| Plants with a surplus | 9 | 489,761 | 9 | 628,362 |
| | 14 | (610,008) | 14 | 124,281 |
| **Plants owned by Municipalities** | | | | |
| Plants with a surplus | 1 | 13,742 | 1 | 22,996 |
| Total funds retained, water supply plants | 15 | (596,266) | 15 | 147,277 |
| **Gain on Sale of the Red River Regional Water Supply System** | | 305,821 | | 321,557 |
| Total funds retained | | $ (290,445) | | $ 468,834 |

Subsequent to year end, one Water Treatment Plant has been transferred to the Village of McCreary. Surplus funds of approximately $99,000 will be released from funds retained during 2002/2003.

9. **INTEREST ADJUSTMENT FUND ACCOUNT**

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest cost incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of $100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.

## 10. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

Administrative expenses paid by the Province of Manitoba and included in expenditures are as follows:

| | 2002 | 2001 |
|---|---|---|
| Professional services | $ 13,076 | $ 23,459 |
| Salaries and benefits | 1,506,129 | 1,450,494 |
| Telephone and utilities | 26,321 | 25,331 |
| Travel | 10,795 | 46,073 |
| Rental for office premises | 137,472 | 132,788 |
| Other administrative | 158,654 | 161,763 |
| | $ 1,852,447 | $ 1,839,908 |

## 11. COMMITMENTS

| | 2002 | 2001 |
|---|---|---|
| The Board has commitments as follows: | | |
| Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives. | $ 23,364,375 | $ 17,864,863 |
| These commitments are expected to be funded as follows: | | |
| Subsidization of construction costs - Province of Manitoba | $ 8,220,200 | $ 5,522,200 |
| Recovery of construction costs - Municipalities and Cooperatives | 15,144,175 | 12,342,663 |
| | $ 23,364,375 | $ 17,864,863 |

The Board recovers construction costs on a current basis from municipalities and cooperatives through funds provided by the Province of Manitoba under *The Loan Act*. As at March 31, 2002, the Province had unused authority of $35,099,900 under *The Loan Act, 2001* to provide this financing to the Board for the construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

## 12. CONTINGENCIES

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

## 13. RELATED PARTY TRANSACTIONS

The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Board enters into transactions in the normal course of operations and they are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

## 14. USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 15. FINANCIAL INSTRUMENTS

### Fair Value

The carrying amounts of cash, accounts receivable, accrued interest, the current portion of debentures receivable, accounts payable, accrued charges, advances from the Province of Manitoba payable on demand, and the current portion of long term debt reported on the balance sheet approximate their fair market value due to their short-term nature.

Debentures receivable and long-term debt are estimated using public quotations or discounted cash flow analysis, based on current corresponding borrowing rates for similar types of borrowing arrangements. They are not materially different from their carrying value.

### Credit Risk

The Board, in the normal course of business, is exposed to credit risk from the rural municipalities it serves. The Board's financial assets that are exposed to credit risk consist primarily of accounts receivable and debentures receivable.

Accounts receivable are primarily short-term receivables from rural municipalities. Debentures receivable are long-term receivables from Rural Municipalities which have fixed interest rates and repayment terms. Credit evaluations are done for each Rural Municipality.

### Interest Rates

The Board is not exposed to significant interest rate risk due to the short term nature of the current asset and current liabilities, and the fact that its debentures receivable and long-term debt are at fixed interest rates.

## 16. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.